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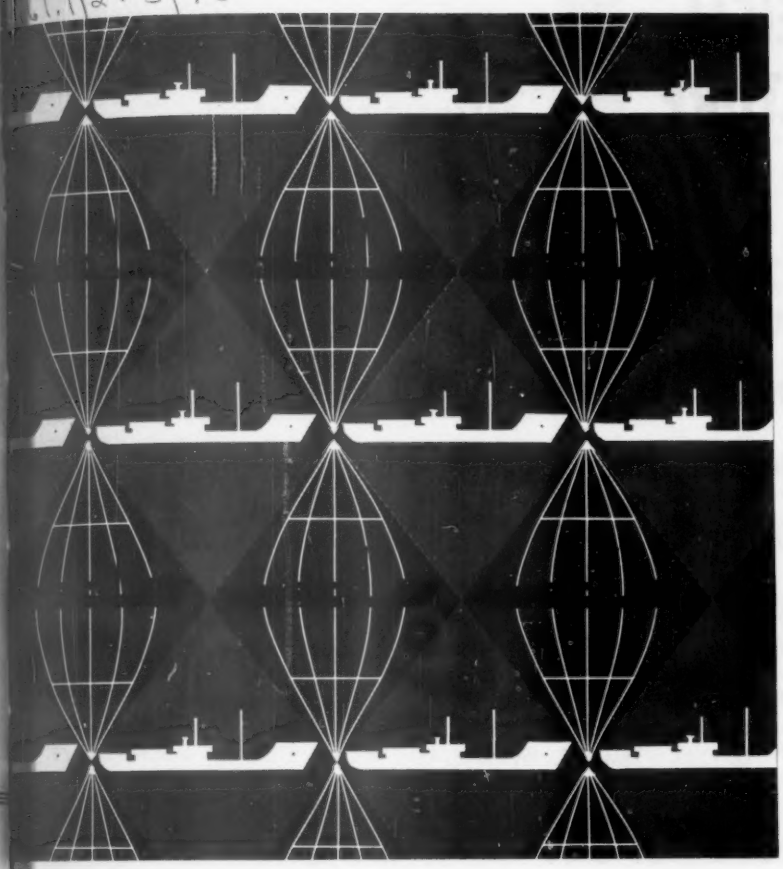

NOVEMBER 29, 1965

OUTLOOK FOR EXPORTS
OF U.S. FARM PRODUCTS

IRAQ'S DATE INDUSTRY

SOYBEAN EXPORTS
AND PROMOTION

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

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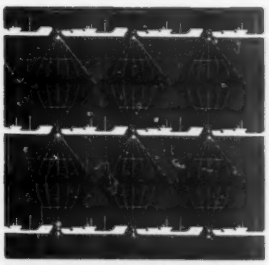

Both our cover and our leading article this week are related to the world's farm trade and to the outlook for U.S. agricultural exports—which in the past 10 years have more than doubled.

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Dorothy H. Jacobson, Assistant Secretary for International Affairs

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The OUTLOOK for EXPORTS of U.S. FARM PRODUCTS

Our agricultural exports are expected to reach a peak of $6.2 billion for fiscal year 1966 and should hit $7 billion in the next few years.

Raymond A. Ioanes, Administrator, Foreign Agricultural Service, gave the following talk before the 43d Annual Outlook Conference of the U.S. Department of Agriculture, in Washington D.C. on November 15.

We live in an expanding world in which each year we have more people, more economic activity, more international trade in general, and more agricultural trade in particular.

The outlook for continued large exports of our farm products is excellent. During this 1965-66 fiscal year, we believe they will advance to a new record of $6.2 billion. And I think the direction will continue to be upward. Overseas demand is growing, we have the products, the quality in general is very good, and our producers and exporters are improving their export capabilities.

Looking ahead a few years, there is reasonable possibility of moving up to a new $7-billion export plateau and, in a few years more, even an $8-billion plateau.

Export statistics like these are out front for everyone to see, but what we are doing here today is looking behind the statistics. What's the story behind the big spurt in feed grain exports? And how do major international developments translate into forces affecting our farm exports?

World situation changes

In our foreign trade review, I don't recall any 2 consecutive years which were alike. In the world of agricultural exports there is no Sea of Tranquility, and I might cite four current examples that bear this out:

One is the world's growing appetite for the good things of life. People want more meat, eggs, and dairy products. This development has been coming about ever since wartime recovery but is now coming into sharp focus. This appetite is the primary reason for the spurt in our exports of the raw materials that go into the world's animal industry —namely, feed grains.

A second development is the constant change that takes place in world political arrangements. Here political action and economic consequence are often bound together.

Rhodesia is a current example. As a result of Rhodesia's recent declaration of independence, the British Government has imposed certain economic sanctions, including the banning of imports of Rhodesian sugar and tobacco. This move has many important trade implications, some for American agriculture. The British presumably will have to find alternate sources for that part of their tobacco which has been coming from Rhodesia—around 100 million pounds of flue-cured tobacco a year, ranging in value from $60 million to $75 million. The entire development is regrettable, and we hope a solution will be found. It is not the way we seek to expand our own export business; nevertheless, it is a current fact which may affect our export outlook.

A third development has to do with the balance of payments. We have recognized for many years the importance of exports to our farmers—1 acre in 4 finding its market overseas. We have recognized the value of export income to our towns and cities, but only in comparatively recent times have we fully recognized the strong support given to our precarious balance-of-payments position by the dollars our farm exports bring back to the United States.

Communist countries as buyers

A fourth development, and perhaps this overshadows all the rest in current interest, is East-West trade. The emergence of the Communist countries as large buyers is a key factor in today's world grain trade. Since 1960, when this large-scale buying began, Eastern countries have bought about 2.5 billion bushels of wheat from the West. We estimate that as much as 40 percent of the world's commercial movement of wheat this year is going into Communist areas.

When the Communists made their first big purchases of wheat in 1960, the popular attitude was that this was single-shot buying. Many people figured that neither the Soviet Union nor Eastern Europe nor Mainland China had the finances, or the desire, or the need to keep on buying, year after year. But this is the fifth consecutive year that they have been buying heavily from Western suppliers, mainly Canada, Australia, Argentina, and France. These sales, more than any other single factor, have permitted our competitors to sell their expanded production and avoid building surplus stocks.

In my opinion, it should come as no great surprise if the Communist countries remained in the grain market, perhaps up and down but in, for some years to come. Their grain lands frequently are high-risk areas, their farmers lack incentive to get the most from the land, their plans for improvement are slow in being applied, and their people have a growing appetite for more and better food.

Our trade in Communist areas

How much does the United States share in this market?

As a matter of national policy we do not, of course, trade with Mainland China. We did sell 65 million bushels of wheat to the Soviet Union in 1963-64. We have not sold any since. Also, we sold 45,000 tons of our soft wheat this month to East Germany. But this was an unusual circumstance. East German bakers were running short of cake flour for baking Christmas cakes. Their need was urgent enough that they were willing to pay the higher cost entailed in buying our wheat, and also supplies of this kind of wheat from other areas are limited.

Our active business with the Communist area is in feed grains. The cargo preference provision is not applied to feed grains, and we are selling them in large volume to Eastern Europe. So far this fiscal year we have sold over 400,000 tons of feed grains to the area. These sales may reach a million tons.

What we're selling is mainly grain sorghums, and the principal buyers are Czechoslovakia, Bulgaria, and East

Germany. There are good sales possibilities in Poland and Hungary as well.

Wheat and feed grains

I would like to return now to the overall export picture. This is, of course, not a single picture but a mosaic.

Exports of wheat, though smaller than 2 years ago, are conservatively forecast at 750 million bushels. Exports during July-September were running 12 percent higher than a year earlier, and most of this increase was in commercial sales for dollars.

Food for Peace is still the major export outlet. Last year we exported 728 million bushels of wheat, 22 percent commercial sales, 78 percent Food for Peace. As a matter of fact, about 60 percent of the Food for Peace program is wheat. When we're talking of food aid to India, for example, we're talking about wheat—about two shiploads a day. Obviously, wheat has come to play a special role both in our foreign policy and in the policies of other Free World governments as they make their daily decisions.

Feed grains are this year's glamour crop. If you can call a crop a mirror, this is the crop that mirrors the world's urge to live better, for out of feed grains come the meat, milk, eggs, and other animal products that people buy more and more of, as rapidly as they can afford it.

Our feed grain exports have moved up from about 7.7 million tons a decade ago to about 21 million tons. I think we all remember when our corn was mostly fed out on our farms and grain sorghums were a crop most farmers weren't even acquainted with. Now both corn and grain sorghums are moving, shipload after shipload, across the Atlantic and Pacific, into the Mediterranean, the North Sea, and anywhere else that people are expanding their animal agriculture. And this is mainly commercial dollar-earning business.

We expect the value of exports of feed grains and products in fiscal year 1966 to total somewhat over $1.1 billion, an increase of 16 percent over last year and a new record.

Rice and cotton

We expect to see a new record also for rice. The export value for this fiscal year is projected at $231 million, a 14-percent gain over last year.

Rice, like wheat, plays an important part in Food for Peace. Also, rice plays a strategic role in our defense operations, as shown by the very large amounts of our rice that have been moved into South Vietnam to help feed the army and the civilian population. But our big increases in rice exports are being made in our commercial sales. During the past 5 years, these have increased 160 percent.

The situation in cotton has been difficult. Our exports of cotton are projected at 4.2 million bales for the fiscal year (4 million, marketing year). This would be down somewhat from last fiscal year's 4.5 million bales (4.1 million, marketing year). In value, we look for cotton exports to reach $500 million.

The new cotton program will come into play next August 1, and beginning then we expect our improved competitive position will enable us to pick up some of the shortfall now being experienced.

It had become obvious that our previous cotton program was not getting the job done and fundamental changes were needed. As the President said when he signed the Food and Agriculture Act of 1965, the new cotton program will strengthen the competitive position of our cotton in world markets and help bring stability to those markets. At the same time, it is designed to protect the income of our cotton farmers, reduce government costs, and reduce our surpluses.

Tobacco and oilseeds

We look for exports of U.S. tobacco this fiscal year to move up to about 513 million pounds, which would be 33 million pounds above last year.

Our flue-cured crop is of much better quality than last year's. Our tobacco, of course, is the world's best, and West Germany and Japan, in particular, continue to buy more of it. Also, production in Rhodesia, our big competitor, was down this past season, and the country's current political difficulties can substantially affect its trade.

We expect another record year in exports of oilseeds and their products —mainly of soybeans, soybean meal, and soybean and cottonseed oil, which make up almost all of the export business. We have projected our exports of oilseeds and products to about $1,130,000,000 in fiscal year 1966, which would be up again from last year.

These products are moving mainly through commercial sales. We expect

1 *Japan's second straight year of record farm imports from the United States parallels the rapid growth in the Japanese consumer's purchasing power. Once again, major U.S. agricultural exports to Japan were cotton, soybeans, wheat, and corn.*

2 *Canada—a big importer of U.S. fruits, vegetables, soybeans, cotton—owes its No. 2 position to transshipments, which account for about a fourth of that country's total imports from U.S.*

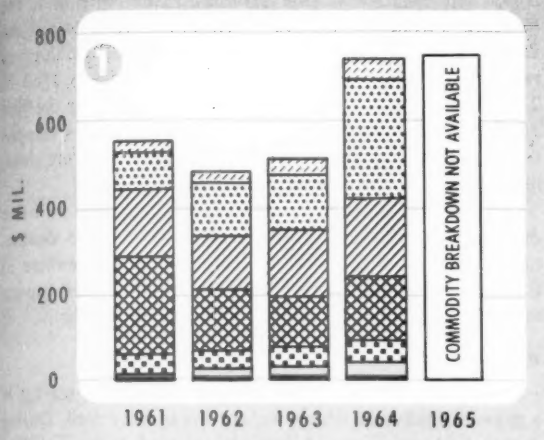
3 *India's rise to No. 3 position from 6th place in 1963-4 can be laid to greatly increased imports of U.S. wheat under P.L. 480. Thus far, India has not made any substantial dollar purchases of U.S. agricultural products.*

4 *The Netherlands is another big transshipper—world's largest—and if this were considered when calculating U.S. exports, Germany would move up as a market, and the Netherlands, down. Coarse grains, oilseeds are big imports.*

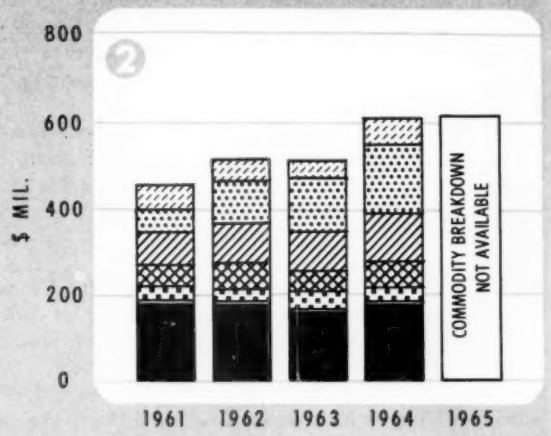
5 *The United Kingdom is a major buyer of U.S. corn, tobacco, and lard. This year, however, its purchases of lard dropped sharply after having hit a very high level in 1964.*

6 *West Germany—as well as the U.K.—is an underrated U.S. farm market, as many of our commodities move there via the Netherlands. Like most other top dollar markets, Germany is a big buyer of U.S. soybeans and corn, also takes much tobacco, cotton, poultry*

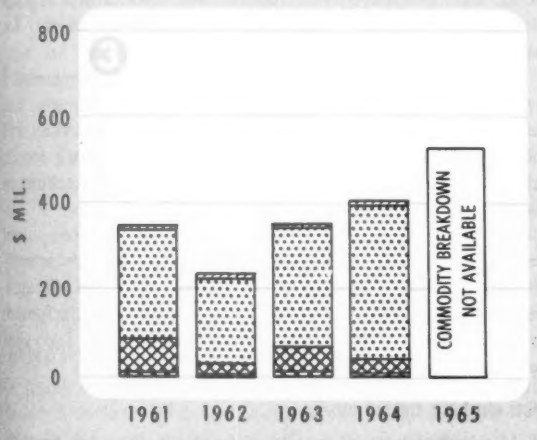
JAPAN STILL FIRST U.S. FARM MARKET



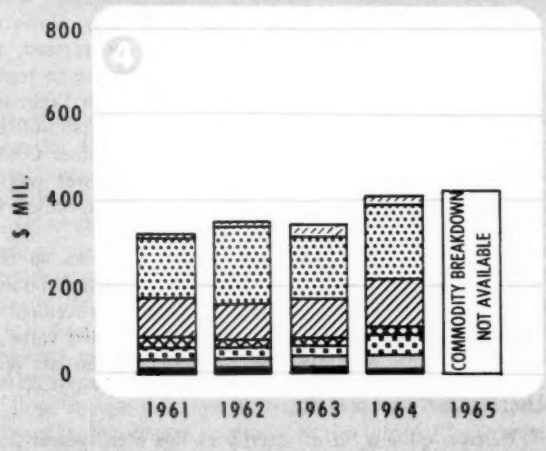
CANADA HOLDS STEADY AS SECOND U.S. FARM MARKET



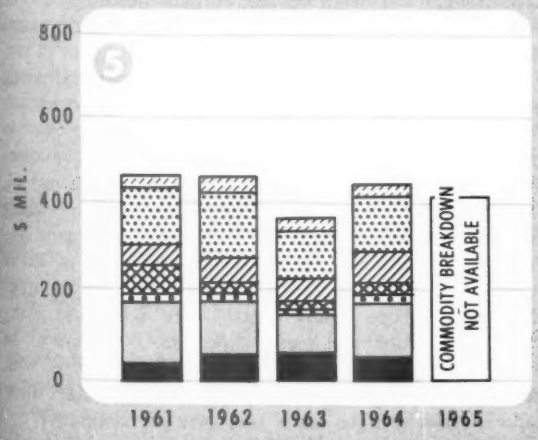
INDIA NOW THIRD BIGGEST U.S. FARM OUTLET



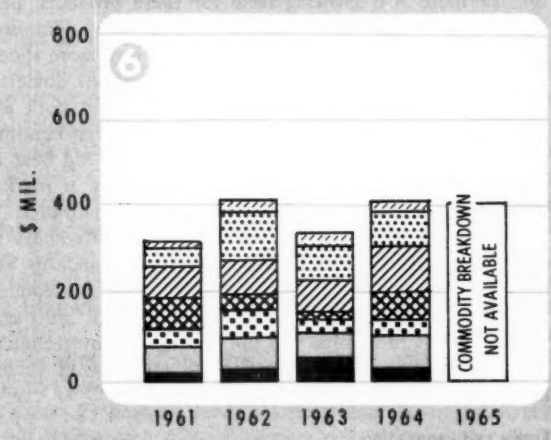
NETHERLANDS REMAINS FOURTH U.S. FARM MARKET



UNITED KINGDOM DECLINES TO FIFTH U.S. FARM MARKET



WEST GERMAN AGRICULTURAL TAKINGS FROM U.S. REMAIN STEADY



FISCAL YEARS

OTHERS
GRAINS AND PREPARATIONS
FATS, OILS, AND OILSEEDS (including lard and tallow)
COTTON (excluding linters)
ANIMAL PRODUCTS
UNMANUFACTURED TOBACCO
FRUITS, VEGETABLES, AND NUTS

to maintain government programing while making some gains in dollar sales despite somewhat lower prices. Soybeans, like feed grains, reflect the desire and ability of the world's people to live better. As long as the affluence of the developed areas like Europe and Japan keeps growing, we can expect our soybean exports to expand.

Furthermore, I see a growth trend in soybean exports for many years ahead. Our long-time competitors are the Communist Chinese, but I think they're going to have their hands full feeding their own population.

Dairy products and poultry

We look for continued large exports of nonfat dry milk this year, and the value will be up because of higher prices. However, the export total for all dairy products may be $200 million against $226 million last year.

Our nonfat dry milk has emerged in a new role—an important element in livestock feed, particularly for veal calves. The Dutch and Italians are buying large amounts for this purpose.

We haven't yet recovered from the setback in poultry exports that took place 3 years ago when the European Economic Community greatly increased its import levies. We are finding markets outside the Community. However, in order to keep selling in Austria and Switzerland, we have had to initiate export subsidies on chicken to regain our share of those markets that was lost when Denmark, France, and the Netherlands began programs of subsidizing poultry meat exports. We took this problem before GATT but found no answer. The only effective answer was to meet this unfair competition through subsidies, which we are now doing.

Our exports of turkeys continue to rise, from 46 million pounds last year to an expected 60 million pounds this fiscal year. In total, we expect some improvement in the poultry-meat export picture, with a projected value of $60 million this year compared with $55 million last year.

Livestock and meat products

There is quite a bit of activity in this area. World-wide demand for tallow continues strong, and it is the largest dollar-earner among our livestock products. Our exports of variety meats—hearts, livers, tongues—continue to go up, for there is a growing taste for these products, particularly in Europe. Also, exports of hides show continued gains as people in a number of countries buy more shoes.

Our lard exports have dropped because of our domestic supply and price situation. Our beef, veal, and pork exports are down for the same reason. We've been continuing to promote sales of our high-quality grain-fed beef in Europe because we're hopeful that eventually a market for it will open, particularly in hotels and restaurants.

Aside from price, we have a problem of differences in sanitary regulations. We think our sanitary standards are the highest in the world, but they are not always acceptable in Europe. We hope the growing market for our meat and meat products in Europe will not be impeded by technical misunderstandings, and we're doing a lot of work to see that this does not happen.

Fruits and vegetables

We expect our exports of fruits, particularly fresh fruits, to be up somewhat over last year's total of $290 million. Exports of vegetables, at $112 million last year, may be down somewhat.

There continues to be a lot of foreign interest in our fruits and vegetables. One promising development is the fact that our fresh fruits and vegetables have joined the jet age. The transatlantic airlines dropped their air shipping rates on strawberries from 30 cents a pound in 1963 to 23 cents, starting September 1 this year. During the first 10 months of this year, our strawberry growers shipped over 33 freight carloads of strawberries to Frankfurt alone, almost 7 times as much as last year.

Air rates on other fruits as well as vegetables are being dropped January 1 to 16 cents a pound, London destination, 18 cents, Frankfurt, and similiar rates elsewhere in Europe. This should bring a big increase in our exports to Europe, particularly during the winter months.

What lies ahead

As we noted earlier, the foreign agricultural market is a growth market in which we are doing very well. During the past 10 years, world agricultural trade increased $9.2 billion. It reached a new high total of about $31 billion in 1964. While we supply about 20 percent of this world trade, we were responsible for 37 percent of the increase. Also, we have more than doubled our agricultural exports during the past 10 years, and practically all of this increase has been in dollar sales.

The foreign market is going to keep on growing, and I am highly optimistic that our agricultural exports can keep growing with it. But our share of the market will not come to us by default. We will have to work for it, just as our competitors around the world are working to retain—and expand—their shares of it.

We now have a substantial foreign market development program, and we are rather proud of some of its accomplishments. The Department of Agriculture and 47 agricultural trade organizations are carrying out jointly funded trade promotion projects in 67 countries, and last year put about $18 million into this work.

New markets, better service

As another part of our look to the future, we need to keep an eye on the emerging markets and encourage them to expand. In the world of foreign trade, miracles do happen. We are seeing countries with weak economies gain new strength and begin buying, perhaps not much at first but enough to be worthwhile and enough to hold promise for the future.

Also, we need to keep working on the matter of giving service to our foreign customers. For some products, it's a simple matter of our giving the kind of service—in quality, packaging, or whatnot—that the foreign customer wants, or one of our competitors will do the job instead.

We need to find answers to some new demands being made on us, some we did not visualize a few years ago. I'm thinking now of questions that arise out of doing business with countries that do state trading. The countries of Eastern Europe rigidly control their trade and swing it in any direction that seems expedient. If we are to do business with them—and we are doing business with them—how can we persuade them to "liberalize" their trade so that we have some assurance of continuity?

Finally, we must give strong world leadership to the cause of liberal trade. Back in 1931-34 when the high tariffs of the Smoot-Hawley Act were in effect, our annual agricultural exports averaged only $800 million. Today, with tariffs greatly reduced, they are over $6 billion.

IRAQ'S DATE INDUSTRY

—biggest export crop
—biggest source of farm income

BY H. CHARLES TREAKLE
Foreign Regional Analysis Division
Economic Research Service

Iraq has long been the world's leading exporter of dates, and their position in the country's economy is well established. Today this position appears to be growing stronger. Iraq's dates in recent years have monopolized from 70 to 80 percent of the world date trade. Also, dates have now replaced barley as the country's largest agricultural earner of foreign exchange.

Domestically too, dates are important in that they are a staple in the diet of many Iraqis and provide many Iraqi farmers with part or all of their income. According to the latest census, Iraq has over 32 million date palms, making up 85 percent of its total fruit trees. Further, it has been estimated that the date business involves some 1.25 million people. Roughly, this means that 1 in every 7 persons at some time of the year is engaged in the cultivation, harvesting, and packing of dates.

Trends in trade

Iraq's date trade, probably as old as civilization itself, trended upward after the country gained its independence, then in the early 1950's leveled off. Ever since, it has remained fairly constant, except for fluctuations caused by trade agreements, size and quality of harvest, and world date prices.

Of importance, though, is the fact that greater use is now being made of lower quality dates—not only in Iraq but in many importing countries—which permits more of the harvest to be converted into profit. There seems to be a greater demand for date juice; also, small quantities are now being used for date syrup, date liquor, liquid sugar, and vinegar. Dates and date pits have always been eaten by animals in date-growing areas, but the use of crushed date stones as an ingredient of animal feed is comparatively new to the mixed feed industries. The oil from the crushing is used for soap manufacture.

Who the buyers are

Iraq sells its dates to some 50 or 60 countries around the world, and these sales, depending on the year's crop, account for one-fifth to one-third of the value of its agricultural exports.

In 1963 the two leading buying countries were the Soviet Union, 17.5 percent and Mainland China, 16.8 percent; with both these countries Iraq had bilateral trade and barter agreements. Other important customers that year were the United Kingdom, 9 percent, India, 8.8 percent, and the United States, 8.6 percent. While figures have not been broken down for the 1964 marketing year (ending June 30, 1965), total shipments came to 232,000 metric tons, representing an average, but not a particularly good, year for Iraq's date trade.

Although six countries supply approximately 90 percent of the dates moving in international trade, Iraq has no close competitors. Iran, the next-ranking country, usually ships under 10 percent, Algeria about 3 percent, Saudi Arabia 1 percent or more, the United States about one-half of 1 percent, and the United Arab Republic, token amounts.

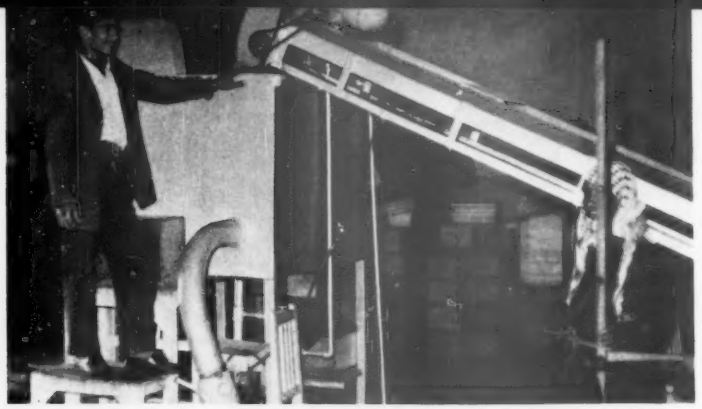
Even though the United States is among these six date-exporting countries it is probably not affected by competition in the world markets from Iraq because of varietal differences. Also, Iraq has traditional markets for certain types of dates, and since other date-growing countries cannot satisfy these markets, this trade will continue.

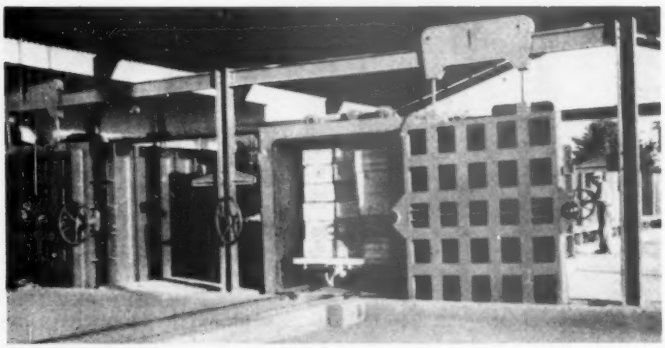
Where the dates are grown

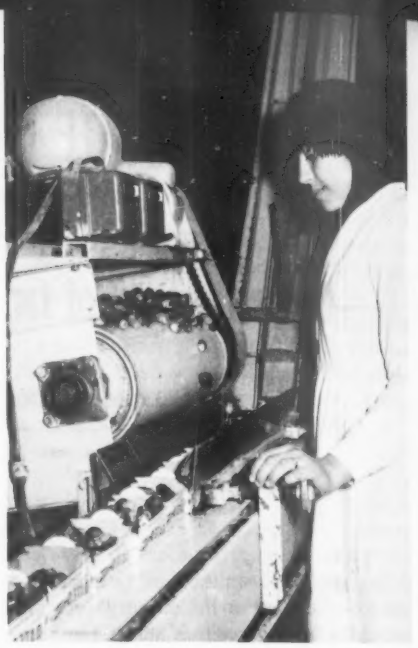
Dates are produced in 11 of Iraq's 14 provinces, but about 60 percent of the palms are in the so-called Central Area, sometimes referred to as the Euphrates-Baghdad-Diyala Area. Better known in the date trade is the name "Basra." Most of Iraq's dates are shipped from the port of Basra in southern Iraq, and most of its better quality dates come from Basra Province, though it is nowhere near as large nor as productive as the Central Area.

Reportedly, there are over 450 female varieties of dates in Iraq and only 5 male varieties. (Female trees produce the fruit.) But, of all the female varieties only 4 are found in large numbers and they account for about 85 percent of the producing palms. Of these, 43 percent are Zahdi variety, 23 percent Sayer, 13 percent Hillawi, and 6 percent Khadrawi.

The last three varieties are grown in the Basra area, and because they command the highest prices in Iraq's date trade, they are responsibile for Basra's fame as a date-growing center. Consequently, in the Basra port area, date-







Left top, dates are washed in ethylene oxide dilution, and below, packaged dates enter fumigation chamber. Above, machine packs dates, Basra. Opposite page, Hillawi palms with dates at the khalal stage.

handling practices and the processing and packaging of dates are more highly developed, and there quality control measures have been introduced.

The slower maturing Zahdi dates are produced mostly in the Central Area and its outlying districts. Traditionally, they have sold for lower prices, or to buyers who had a preference for them. Few Zahdi dates are bought for the quality-trade, and therefore, less attention has been given to quality control, handling, and packing.

Cultivation requires care

Variations in Iraq's date output from year to year are considerable, and a harvest ranging between 260,000 and 480,000 metric tons of fully matured dates represents the difference between a good and a poor crop year. Yield depends on many factors, such as variety, age of trees, soil, water, and horticultural practices. Date palms can thrive under quite arid conditions but the quantity of water that is needed to just keep them alive certainly does not allow them to produce well. Also, the date palm is quite salt-tolerant but it produces better where it has good drainage.

To assure a good yield, dates are pollinated by hand in March and April. The maturing fruit is then divided into four stages for harvest: the green stage, or chimri; the red-yellow stage, or khalal; the soft stage, or ratab; and the fully matured stage, or tamor. Dates are eaten at all stages, but it is the soft and fully matured dates that enter foreign trade. The picking of soft dates begins in July, and by September dates are fully matured for picking in the Basra area. The fully matured dates of the Central Area are picked in October.

Insects, which can be very costly to the crop, constitute probably the biggest problem in the date industry. Some harm the trees and fruit before harvest, while others infest the fruit during and after harvest.

All date insects pose a threat, but of greatest concern to the industry are those that attack the ripe and harvested dates. Ripe dates that have fallen to the ground are usually infested, and if these are mixed with other dates, the whole lot can be affected. Similarly, if harvested dates are improperly protected, they invite moths and beetles to lay eggs. Some of these may hatch before the dates are packed for export, thus lowering the quality; or if they should hatch in the package after shipment, the dates are rejected at ports of entry, although they may have passed inspection when they left Iraq.

Protective measures introduced

Iraq's date industry is well aware of this situation and over the years has expended considerable effort to reduce tree and crop damage and to protect the ripened dates. Working through the Date Administration, the Iraq Date Trading Company, which acts as a marketing agent for the date growers, has instituted such measures as having the ripened dates transported to packinghouses where they are fumigated, and in the case of some varieties, washed. The dates are then packed according to grade and refumigated before exportation.

Much still remains to be done, however. With over 100 packing stations scattered over a wide area, authorities have found it difficult to make sudden changes. At the same time, they recognize that foreign marketing standards have risen, that foreign buyers are becoming more selective, and consequently, that, if Iraq is to obtain the highest returns from its date industry, such changes are necessary.

Photos on this page were supplied by Dr. Ali A. Hussain of the Iraqi Date Administration; on the opposite page by the Iraqi Government.

Dispatch from Italy: The 1965 Agricultural Year

By ROBERT C. TETRO
U.S. Agricultural Attaché, Rome

A continuation of most previous policy lines with interesting and significant variations, some favoring the United States, and highly unusual weather have characterized the 1965 Italian agricultural situation.

Among the variations, vigorously protested action was taken to limit cotton textile imports and apparently did little to cure a sick textile industry. Perhaps most significant for future U.S. sales was the realignment of the grain sorghum levy, making that grain much more desirable to importers and feed manufacturers and also raising the possibility of more producer interest if manufacturers start using sorghum grain in substantial quantities. Early winter saw a relaxation of sanitary rules on poultry parts from the United States. That relaxation plus increased demand for turkey meat is making 1965 a record year for U.S. poultry sales to Italy.

Continues levy protection on wheat

Italy continued bilateral arrangements as an arm of its trade policy, renegotiating with Poland, Yugoslavia, Czechoslovakia, Bulgaria, Rumania, Hungary, and the USSR. It also was successful in maintaining highly protective levies on wheat and edible oils and left unchanged certain restrictions on dried fruit and fruit juices.

In domestic policy, continued legal and financial support for both the Green Plan and the Fund for Southern Development was negotiated, although details of enabling legislation were debated at great length by a critical Parliament.

Of considerable interest to farm investors were two highly controversial parliamentary actions: One, a new law regulating tenancy with significant changes, considered by some to be the death knell for sharecropping; the other, a law transforming land reform programs to more general, possibly more powerful, and probably more permanent Economic Development Agencies.

Some supporting activities were undertaken early in the year for eggs and hogs, prices of which had been doing quite well in late 1965.

Consumer promotion campaigns were also undertaken for domestic poultry, eggs, and fresh lean pork. Otherwise, the country's marketing service efforts, started a year ago, were limited to the very useful tasks of program analysis and marketing education, with emphasis on improving cooperative marketing.

The government continued to give financial assistance to producers of cattle and breeding stock, and its new Green Plan calls for further support. Despite this effort, the inadequate meat supply has been a big contributor to Italy's trade deficit for agriculture, which hit $250 million in the first 6 months of 1965.

Good wheat crop

A very lucky wheat crop of 9.5 million tons of high-quality wheat, including nearly 2 million of durum, was the only major exception cropwise in a bad weather year, marked by a cold winter, late spring, spring drought, and numerous summer cloudbursts. For corn, planting was difficult, and some fields were stripped by hail in mid-season, but there will still be a fair crop. Rice was first too dry, then not bad, and finally too wet; the crop appears to be down from 1964 but perhaps not as much lower as was once feared. Potatoes are off enough to stimulate trade interest in U.S. availabilities, while forages did quite well in an unusually humid environment. Fruit is off in quantity and quality; however, because of the heavy plantings of recent years, there are still rather large export availabilities of fruit.

Most other crops also suffered, but, as usual, early reports of disaster were not borne out and the general characterization now would only be "not a good year." Obviously, some limited areas suffered badly. These are scattered all over Italy and a government-financed disaster-relief program will bring some payments to many farmers.

Improvement needed in livestock

Despite the vigorous government efforts to rebuild a sound livestock industry, national figures for livestock production indicate that much more remains to be done. Higher milk prices (achieved late in 1964) may have stimulated a turn around in dairy cattle production, but beef cattle numbers as yet show no recovery. Poultry has taken up some of the slack in meat supplies, as production was up again. Early fall marketings of broilers were very heavy and prices dropped disastrously. Turkey production increased but remains insignificant. Pork output rose again, keeping the salami-hog market down through most of the winter and spring and providing cheap lard as a competitor for tallow; however, prices rose sharply in late summer, and since sales to consumers have risen, these prices should remain high for the near future.

Ready market for U.S. feeds

Prospects for sales of certain U.S. agricultural commodities remain good. Feed grains from the United States promise to achieve a new record in 1965 and will continue high in 1966. Soybean and tallow imports are off a bit but should improve in 1966. New items in recent months, cattle and calves, are improving steadily despite unfavorable price changes in the past year (higher in U.S., lower in Italy); this seems to indicate that good promotion at the right time and place can still bring increased sales. Also, as indicated above, this may be a bad potato year all over Europe, thus forcing some buyers to turn to North American markets.

The Italian business crisis—caused by numerous conditions, including an increasing balance-of-payments problem, inflation, unfavorable political climate—had more of an impact on demand in 1965 than in 1964, when the economy was helped by a delayed effect of 1963 wage increases. Even so, the gross national product is expected to improve this year—rising about 3 percent from 1964—principally because of increased output in industry and services. However, agriculture may also be up slightly, because of the larger wheat crop and generally higher prices for farm products. Price changes from mid-1964 to mid-1965 are mixed but, on the average, are up by about 5 percent.

The cost of living has not increased as rapidly as last year, because of the government's stabilization policy.

The export and promotion of U.S. OILSEEDS and OILSEED PRODUCTS

U.S. oilseeds and oilseed products have continued as the nation's top dollar export earner of all agricultural commodities in the past year—a firm member of the "billion dollar club." FY 1965 was a record export year with $1.1 billion total trade up 30 percent over 1963-64 and over 90 percent represented dollar business. Exports were also at record levels in marketing year October-September 1965. Most of the "nondollar" exports were soybean and cottonseed oils that moved under Public Law 480.

At the present time the outlook for the coming year points to even greater volume and increased dollar returns. The bumper crop of soybeans now being harvested was estimated on November 1, 1965 at 853 million bushels. The forecast is for soybean and soybean products exports to be even brighter than in past years: 230 million bushels of soybeans; 1.5 billion pounds of soybean oil; and 2.4 million tons of meal. Thus, the soybean and its products may continue to return more dollar exchange than any other agricultural commodity.

The U.S. Government and cooperating organizations, the American Soybean Association and the Soybean Council of America—representing U.S. producers and the fats and oils trade—have helped establish this record by having successfully developed and expanded existing cash markets through an effective program of promotional activities abroad.

Flexible marketing programs

The market development program is constantly being tailored to meet changing conditions on the world's export markets for oilseeds and products. Nutritional needs, changes in consumer purchasing power and habits, and population increases, and livestock expansion—particularly in poultry and hogs, which is creating demand for soybean meal—as well as competitive oil crop situations, have dictated rapid changes in marketing programs in many areas.

Moreover, many U.S. firms have invested in soybean and mixed feed processing operations abroad in recent years, thus extending markets for U.S. soybeans and oilseeds even more widely.

Soybeans and soybean meal move primarily into the dollar export markets of Europe, Canada, and Japan. To produce adequate soybean meal for the domestic as well as the dollar export market, the U.S. soybean crushing industry produces an excess of soybean oil over domestic and dollar export market needs. This additional oil is exported under the Food for Peace programs to friendly nations for mutual benefit. A total of around 1,107 million pounds of programed oil shipments from a total of 2 billion pounds was exported in this manner.

Soybean-customer servicing

Record soybean exports in MY October-September 1964-65 passed the 205-million bushel mark and continued expansion of this valuable cash market is anticipated. Exports to all markets were up. Spain jumped into the soybean trade with new crushing operations and imports of U.S. soybeans increased almost five times.

Servicing the growing market has required continued attention of our cooperators overseas to insure that soybeans arriving there continue to meet the standards under which they were purchased.

In Japan, one of the largest U.S. markets, continued check sampling at the rate of 5-10 percent is being made on imports to insure that the same quality of beans purchased is actually shipped and that U.S. exporters are informed of low-quality shipments. The American Soybean Association, through the Japan Oilstuff Inspectors Corporation, points out specific shipments of low quality thus allowing ASA to back up requests for exporters to maintain grade standards.

ASA sponsored trips of two teams of Japanese Soybean Crushing Association officials to the United States in 1965 (the larger team at its own expense) to view U.S. soybean producing, marketing, and shipping methods. Since then, Japanese crushers have had a better understanding of the dependable supply and quality of U.S. soybeans. There is every indication that Japan will continue to be a

Record 1965 Marketing Year For Oilseed Product Exports

Soybeans

Country of destination	1964-65	1963-64
	Mil. bu.	*Mil. bu.*
Japan	48.4	44.8
Canada	33.9	31.8
Netherlands	26.9	22.9
Germany, W.	[1] 22.4	[1] 28.6
Denmark	13.3	9.1
Spain	7.9	1.6
Belgium	7.1	6.5
United Kingdom	[1] 7.0	[1] 6.0
China (Taiwan)	6.8	4.7
Norway	3.8	3.3
Other	28.4	31.9
Total	205.9	191.2

Soybean Meal

Country of destination	1964-65	1963-64
	1,000 tons	*1,000 tons*
France	358.4	247.0
Germany, W.	[1] 300.7	[1] 160.9
Canada	249.4	210.3
Netherlands	245.2	141.1
Belgium-Lux.	177.0	126.3
Italy	143.2	74.4
Denmark	110.9	93.1
Yugoslavia	108.9	77.6
Other	332.3	347.8
Total	2,036.0	1,478.5

Soybean Oil

Country of destination	1964-65	1963-64
	Mil. lb.	*Mil. lb.*
Spain	239.5	----
Pakistan	195.2	119.9
India	137.0	3
Morocco	79.5	45.9
Iran	70.7	71.1
Greece	54.7	16.5
Israel	42.9	20.7
Yugoslavia	41.7	112.0
Argentina	40.1	----
Canada	39.1	31.3
Turkey	38.3	106.3
Hong Kong	34.5	48.5
Chile	30.9	17.7
Tunisia	28.0	45.2
Peru	22.4	25.6
Other	249.5	445.1
Total	1,344.0	1,106.0

Cottonseed Oil

Country of destination	1964-65	1963-64
	Mil. lb.	*Mil. lb.*
Germany, W.	144.2	110.6
UAR (Egypt)	62.7	77.0
Netherlands	52.3	69.6
Iran	49.3	32.0
Canada	43.5	32.9
Mexico	41.8	2.1
Morocco	40.3	6.6
Venezuela	31.3	27.2
Pakistan	21.2	29.7
India	16.4	----
Other	136.0	195.3
Total	639.0	583.0

[1] Does not include transshipments from the Low Countries or Canada.

strong market for U.S. soybeans.

In Germany—number one U.S. market in CY 1964 on the basis of total imports including transshipments from Belgium and the Netherlands—the Soybean Council is working closely with the German Oil Millers Association in promoting products and in checking quality of soybean shipments. The Council is also providing individual mills with prompt market reports and useful statistical and technical information.

Meal promotion in Europe

Eight years of continued promotion of soybean meal in Europe have contributed to the phenomenal success culminating in the 1965 marketing year with total soybean meal exports of 2,035,975 tons—or 38 percent above the previous year's 1,478,469 tons.

Shipments to Europe in MY 1964-65 represented 82 percent of total U.S. exports—or 1,667,071 tons. Ten years ago, exports to Europe were less than one-tenth of the 1964-65 figure.

Increased use of soybean meal in poultry and hog feeds has resulted from promotion aimed at increased returns for the expanding livestock economy in Europe. Higher prices and lower supplies of fish meal and other feed supplements were also important factors in record exports of U.S. soybean meal in 1964-65.

The Council's 8-year-old program is now expected to be further implemented through new third-party contracts directly with feed manufacturers and others using soy meal.

U.S. experts to Europe

U.S. animal nutrition experts will continue to go to Europe to work directly with animal nutrition and feed mixers there through feed seminars, demonstrations, and meetings.

In Germany, cooperation with the country's Oil Millers Association and Mixed Feed Producers Association has resulted in increased demand for soybean meal. This program has included participation in regional educational campaigns at agricultural fairs, feed seminars, feeding demonstrations at agricultural colleges, and U.S. visits by German teams to insure the use of improved soybean meal feeding and processing techniques. This active program has been backed up by booklets, pamphlets, studies, movies, and other educational materials for feed users and processors.

Technical Advice Helps U.S. Vegetable Oil Exports

Work at the "shirt sleeve" level by Soybean Council oil technicians in fats and oils plants in India, Pakistan, Norway, Morocco, and Spain has been highly successful.

Especially valuable were efforts in India where for the first time substantial quantities of U.S. soybean oil were received successfully, marketed, and processed in a manner that has created still greater demand. Refining problems were reduced to a minimum and a quality soybean oil-vanaspati was provided to Indian consumers and the institutional market for the first time.

During the summer of 1965, three oil specialists helped India's vanaspati industry to adapt its refining and hydrogenating techniques (heretofore used primarily for domestic peanut and other oils) to produce a quality 20-50 percent soybean oil-vanaspati.

Market promotion programs have also provided increased technical help in Turkey, Iran, and Pakistan as well as India, during the past year. Technicians from these countries, as well as three from the United States, participated in the Regional Oil Conference in Teheran in October 1964. U.S. technicians also participated in the annual Turkish Fats and Oils Seminars in 1964 and 1965 and gave on-the-spot technical advice to refineries and processing technicians. Technicians in these countries are becoming familiar with U.S. techniques and are applying them to increase production, efficiency, and quality output in their plants. The result has been greater demand for U.S. soybean oil and soybean oil products.

Soybean oil made up approximately two-thirds and cottonseed oil one-third of the record 2 billion-pound total exports of these oils in marketing year 1964-65. Significant developments in soybean oil exports were the re-entry of Spain as the major cash buyer and the first large shipment of P.L. 480, Title I program oil to India. Greece and Argentina also took large quantities of soybean oil for the first time in recent years. Cottonseed oil exports to West Germany, Mexico, and Morocco were up significantly.

Consumer-level oil promotion

Several promising programs are being developed in Spain and South America to increase vegetable oil consumption through consumer promotion. Pretest pilot programs indicate promotional efforts on a national scale are needed to increase consumption of soybean oil.

Consumer promotion is backed by technical advice to insure that quality products are put on the domestic market for consumers. Technical help in handling, storing, refining, and processing of vegetable oils resulted in considerable improvement in marketing and processing practices, so that more acceptable, quality products are now available. The distribution of educational and technical information has backed up the drive.

In Spain a pilot consumer promotion campaign—using the theme "Soya—the oil that fries golden"—has resulted in substantially increased sales of soybean oil.

A quality control laboratory has been established in cooperation with the packers' group and should insure quality soybean oil.

The present program in Spain calls for a wide national campaign utilizing television, radio, newspapers, and other media to create an improved national image and a greater demand for quality soybean oil.

In South America a pilot promotion program in Colombia's Cauca Valley helped boost consumer demand for vegetable oils for cooking during the past year. The program primarily utilized radio and newspapers, plus direct promotion through sample gifts of oil. Results will be used in developing a nationwide program.

In Ecuador a limited pilot program had excellent results.

The market for fats and oils in Japan is being studied by the American Soybean Association in order to help the soybean crushing and vegetable-oil processing and refining industries to increase consumer demand. The present program proposes to promote vegetable oils directly at the consumer level in order to raise present low per capita consumption of fats and oils of around

15 pounds. The results should be increased crushings of U.S. soybeans.

During 1964 and 1965 the market development project carried out in cooperation with the Soybean Council of America, Inc., has been strengthened by a reorganization of activities and re-evaluation of the program in the light of present U.S. export marketing needs.

Improved supervision has been added by moving the home office to the Washington, D.C., area. Seven country offices were closed and to consolidate promotional efforts in Western Europe, responsibilities of the Rome office were changed to supervision of activities in Italy, France, Benelux, Denmark, Norway, Sweden, United Kingdom, Ireland, and Greece.

New third-party cooperation

Programs in these countries will be strengthened through third-party cooperative arrangements with local trade groups. The country office in Germany will also strengthen its cooperative program and the limited operations it supervises in Austria and Switzerland.

The Spanish office will concentrate on its third-party soybean oil consumer-promotion campaign and will also strengthen the program in Portugal. Additional technical projects will be stepped up in India, Iran, Pakistan, Turkey, and Egypt. South American operations will be strengthened and a director will handle limited programs in Peru, Ecuador, Chile, and Venezuela and supervise a consumer promotion program in Colombia.

Two oil technicians, one in Madrid and one in Teheran, Iran, will be supervised by a technical director who will have these men available on constant call for assistance needed.

Fourth Oil Seminar at Izmir

Speakers at the Fourth Oil Seminar at Izmir, Turkey, in late October covered all facets of the country's production and projected output of cottonseed, sunflowerseed, and olive oils Subjects also included the handling, storage, and merchandising of oils in Turkey.

Among the conferees were members of the country's oil industry, and margarine, shortening, and soap producers. Also, the U.S. Agricultural Attaché and a representative of the Soybean Council of America.

Private Firms in Taiwan, Canary Islands Buy $4.7 Million Farm Products in Credit Sales

Secretary of Agriculture Orville L. Freeman, right, and P. C. Yuan, from the Taiwan Development Corporation, Republic of China, sign the P.L. 480 private sales agreement providing for the construction of apartment buildings in Taiwan.

A $3 million contract with a Taiwan business firm and a $1.7 million pact with a food distributor in the Canary Islands, both signed this month, make a total of five private sales agreements made this year under Title IV, P.L. 480.

Secretary of Agriculture Orville L. Freeman cites the Food for Peace sales as "representing U.S. agricultural abundance at work for economic development in many parts of the globe."

The Taiwan contract is the first under the P.L. 480 private trade credit program which provides for construction of housing. Under the agreement, entered into with the Taiwan Development Corp. of Taipei, the United States will supply 7,000 metric tons of corn in 1965 and 10,000 metric tons of inedible tallow in 1966. The firm will pay the Commodity Credit Corporation for these commodities in dollars over a 20-year period with an annual interest rate of 4¼ percent.

The Taiwan Corporation will sell the commodities for use in livestock feed and soap manufacturing, and proceeds will be used to partially finance construction of an apartment complex in the suburbs of Taipei to house approximately 1,500 Taiwan families.

The agreement with Alonso Hernandez, proprietor of a Canary Islands firm which imports and distributes agricultural commodities, provides for 3,900 metric tons of U.S. edible vegetable oils, and 472,000 bushels of corn and/or grain sorghum. It will be financed over a 12-year period at 4½-percent interest per year.

The oils and feed grains are to be furnished in fiscal year 1966 and 1967. Commodity sales proceeds will be used to finance construction of a plant for processing oilseeds and feed grains.

Vegetable oil and mixed livestock feed produced by the plant will help meet the expanding need for vegetable oils, meat, and meat products in the Canary Islands. The operation of the plant will also develop and enlarge the commercial market for U.S. oilseeds and feed grains.

The first Title IV private trade agreement was signed with the Persian Gas Distribution Co., S.A. of Teheran, Iran, on January 6, 1965. Other agreements signed with private firms and their value are with the Bank Omran, Teheran, Iran, for $3 million and the Spanish Cooperative for the Commercialization of Farm Products, Madrid, Spain, for $35 million.

The two new contracts bring the total value of Title IV, P.L. 480 private agreements signed during 1965 to $40,250,000.

World Corn Crop Estimated at Record Level

World corn production in 1965 is forecast at a record 8,150 billion bushels. This is 5 percent above the 1964 crop and about 1 percent higher than the previous record of 1963.

U.S. production, at a record 4,128 million bushels, is up 16 percent. Mexico and Canada also had record crops.

A detailed table and analysis is published in the November issue of the *World Agricultural Production and Trade: Statistical Report.*

World Rice Crop Forecast Below 1964-65 Record

World rice production in 1965-66 (August-July), excluding Communist Asia, will be below the record 1964-65 harvest, though close to the near-record one of 1963-64, according to the first forecast of the Foreign Agricultural Service. Output is expected to decrease appreciably in Asia and Europe. But new record crops are forecast for Africa, North America, and Australia.

The preliminary forecast of production in 1965-66 is 164.1 million metric tons of rough rice, compared with 168.8 million in 1964-65 and 164.8 million in 1963-64. Asia's estimated crop—88 percent of the Free World total—is forecast at 3 percent below the 1964-65 record.

Poor monsoon rains in India, the major producer, have resulted in decreased output, and harvests of Pakistan and Indonesia will not be as large as last year's bumper crops. However, Japan and the Philippine Republic have good harvests. Also, the Asian countries normally having surpluses for export—Thailand, Burma, and Cambodia—expect increases over 1964-65.

Although generally good crops are expected in most of the world's exporting countries, it is doubtful if the total exportable supplies that the Free World countries will have in 1966 after meeting domestic requirements will reach the volume of 1965.

WORLD PRODUCTION OF ROUGH RICE

Continent	1963-64	1964-65[1]	1965-66[1]
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
North America	4,092	4,297	4,455
South America	7,616	8,343	8,077
Europe	1,501	1,530	1,408
USSR	380	460	500
Africa	5,832	5,813	6,113
Asia	145,179	148,179	143,381
Oceania	168	179	181
World total	164,800	168,800	164,100

[1] Preliminary.

A detailed table and analysis appeared in the November issue of *World Agricultural Production and Trade: Statistical Report.*

British Feed Grain Imports Lower

The United Kingdom had a good grain crop this year. Substantial increases in barley and wheat, the two major crops, pushed total grain production for 1965 to an estimated 13.4 million long tons from 12.5 million in 1964.

However, grain quality will be lower because of poor harvesting weather, and, as a result, more of the crop than usual will probably be used for feed. This, in turn, would have an impact upon the level of feed grain imports, mainly corn, during 1965-66.

During 1964-65, the United Kingdom imported 2.9 million long tons of corn, of which nearly 60 percent—1.7 million tons—was from the United States. Total feed grain imports during 1964-65 amounted to 3.4 million long tons.

U.S. Livestock Products Exports Still Declining

U.S. red meat exports during the first 9 months of 1965 amounted to 77 million pounds—about half the level recorded in January-September 1964. The major cause of this substantially lower level is the much smaller pork exports—34 million pounds compared with 112 million, reflecting the reduced pork supply in the United States.

U.S. EXPORTS OF LIVESTOCK PRODUCTS

[Product weight basis]

Commodity	September		Jan.-Sept.	
	1964	1965[1]	1964	1965[1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Animal fats:				
Lard	46,352	19,131	520,969	204,323
Tallow & greases:				
Inedible	177,432	150,894	1,886,798	1,615,022
Edible	731	3,443	10,356	16,542
Red meats:				
Beef and veal	2,434	3,133	31,948	31,417
Pork	5,466	3,558	111,671	33,532
Lamb and mutton	96	49	940	867
Sausages:				
Except canned	202	201	2,781	1,523
Canned	95	159	679	1,204
Other canned meats:	249	512	1,970	5,837
Meat specialties:				
Frozen	---	260	---	1,160
Canned	---	166	---	1,368
Total red meats	8,542	8,038	149,989	76,908
Variety meats	19,474	19,506	164,693	163,141
Sausage casings:				
Hog	563	416	7,446	4,751
Other natural	571	791	3,359	4,154
Mohair	389	1,055	2,115	5,944
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Hides and skins:				
Cattle	945	840	8,378	9,657
Calf	132	144	1,591	1,370
Kip	30	46	196	364
Sheep and lamb	202	200	2,347	1,990
Horse	([2])	1	([2])	26
Goat and kid	([2])	24	([2])	228
	Number	*Number*	*Number*	*Number*
Live cattle	3,181	3,545	50,712	44,940

[1] Because of new classification, 1965 data are not entirely comparable with earlier years. [2] Included in cattle hides. [3] Included in sheep and lamb skins.

Bureau of Census.

Lard exports, at 204 million pounds, were 61 percent below the 521 million shipped in the first 9 months of 1964. Reason for this sharp reduction is that the United Kingdom—far the largest customer for U.S. lard—is importing much less from the United States this year and larger quantities at more favorable prices from other sup-

pliers, mainly continental Europe.

Exports of inedible tallow for the first 9 months of 1965, at 1,615 million pounds, were 14 percent below the 1,887 million shipped during the 1964 period.

Variety meat exports in January-September 1965, at 163 million pounds, were down 1 percent from the 165 million pounds shipped in the same period in 1964.

U.S. exports of mohair continued to expand. Shipments in the first 9 months of 1965 amounted to 6 million pounds, a 181-percent increase over the 2 million exported in the same period of 1964.

Switzerland's Cigarette Output Rises Sharply

Cigarette output in Switzerland continued upward through the first half of 1965. Production amounted to 8,759 million pieces, compared with 7,522 million in January-June 1964 and 7,118 million in January-June 1963.

Dutch Cigarette Production Up

Cigarette output in the Netherlands during the first half of 1965 totaled 7,960 million pieces—up 27.8 percent from the 6,228 million produced during the same period last year and 8.8 percent from the 7,315 million produced in January-June 1963. Output for all of 1965 may approach 16.0 billion pieces, compared with 13.4 billion in 1964 and 14.8 billion in 1963.

Tobacco Product Sales Up in Algeria

Consumption of all tobacco products in Algeria, as indicated by sales, during calendar 1964 totaled 17.6 million pounds, compared with 16.9 million in 1963 and the 1961 high of 24.8 million.

Cigarette sales last year amounted to 11.1 million pounds —up 1.0 percent from the 10.9 million sold in 1963 but still about 40 percent below the 1961 high of 18.8 million. Combined sales of all other products, at 6.5 million pounds, were about 10 percent greater than the 5.9 million pounds sold in 1963.

Ecuador's Cotton Production Expanding

Ecuador's 1965-66 cotton crop is expected to approach last season's record 24,000-bale outturn, which was double the 1959-63 average.

Ecuador is promoting the expansion of cotton production in an effort to reduce import requirements. Around 70 percent of the current crop is the Coker variety, while most of the remainder is Criollo, a variety of tree cotton. Around 60,000 acres were planted to the 1965-66 crop. Weather has been favorable.

Ecuador's textile industry reportedly has a minimum of 120,000 spindles and 3,000 looms and during the past 2 years has been improving equipment. The largest mill in Ecuador signed a $2.0 million loan to expand facilities by 1966. Total consumption in 1965-66 may reach 30,000 bales, an increase for the 6th consecutive year and double the 1960 consumption rate.

Quotas have been approved for the importation of about 6,000 bales of cotton this season. Most of the cotton imported is long staple cotton from Peru. Under terms of a new tariff law issued April 2, 1965, import duties on all categories of cotton and cotton textiles were increased from 10 percent ad valorem to 30 percent. However, the law provides for a discount of up to 25 percent on the duty whenever the national production is insufficient to cover industry's requirements.

Spain's Cotton Production Up Slightly

The 1965-66 cotton crop in Spain is currently estimated at 365,000 bales (480 lb. net)—slightly above last season's 355,000-bale crop, but 30 percent below the record 517,000 bales produced in 1962-63.

The total harvested area in 1965-66 is estimated at 465,000 acres, nearly 20 percent below the planted acreage. Hot, dry weather in May and June forced farmers to abandon cotton in southern raingrown areas. However, yields were up substantially in irrigated regions and as a result largely offset the loss in raingrown areas. About 90 percent of this season's crop was of the American-Upland type.

Imports of cotton in 1964-65 amounted to 137,000 bales, more than double the 63,000 bales imported in 1963-64. The sharp rise in imports last season was necessary because of a substantial drop in production compared with 1963-64. Imports in 1965-66 are likely to exceed 160,000 bales if, as expected, consumption continues near last season's level of 540,000 bales. At the start of the 1965-66 season, stocks on hand, at around 90,000 bales, represented 2 months' consumption requirement.

The United States supplied 21,000 bales of Spain's cotton imports in 1964-65. Turkey supplied 42,000 bales, Brazil 29,000, Egypt 15,000, and Pakistan 14,000; most of the remainder came from Guatemala, Sudan, and Mexico.

Imports of cotton into Spain are made against "drawback certificates" which are, in effect, import licenses issued to cotton textile exporters proportionate to the amount of cotton contained in textile exports. However, this season the reduced crop has caused a shortfall in supplies, and as a result the demand for certificates has exceeded the supply. It is expected that import regulations will be liberalized soon to allow imports outside the certificate program. Import duties will probably be imposed on noncertificate imports to curb any devaluation in certificates. However, until such a program is announced, all imports will come in under drawback certificates.

Spain was a recipient of U.S. cotton under Title I of P. L. 480 until 1962-63. The large 1962 crop and buildup in stocks almost eliminated the need for imports in 1962-63 and 1963-64, and since then, all imports from the United States have been commercial transactions.

Norway Liberalizes Sugar Imports

Norway liberalized imports of sugar as of November 1, after they had been handled by a joint import board for more than 25 years.

Sugar has played an important role in Norway's bilateral trade with the Eastern European countries (Czechoslovakia, East Germany, Poland, the USSR, and Hungary), which supplied 45 percent of Norway's sugar imports from 1961 through 1964. Future sugar trade is said to depend on attention to price, delivery, and packaging.

It is expected that the United Kingdom will remain the chief supplier of sugar to Norway. Other important sources, Sweden and Denmark, will make deliveries by truck to Norwegian wholesalers.

An immediate effect of the import liberalization was a drop in the retail price of sugar, which declined on November 1 by 0.28 krone (U.S. 3.6 cents) to 1.07 kroner (15 cents) per kilogram (2.2 lb.).

Indonesia Establishes Pepper Marketing Monopoly

The Indonesian Government has instituted a new state trading organization known as "LADINDO" to be the sole exporter of black and white pepper. LADINDO will also be responsible for sales, trade promotion, market research, and the improvement of quality and production methods. Offices are to be established in both New York and Rotterdam to implement sales and marketing programs.

Indonesia is the largest supplier of pepper to the United States. Last year imports from Indonesia were valued at $10.4 million and accounted for 78 percent of total U.S. pepper imports.

Lebanon Getting New Sugar Factories

Lebanon has recently been negotiating with France for the purchase of equipment for a sugarbeet extracting plant and refinery in Akkar, in North Lebanon. Capital for this project is reported set at 15 million Lebanese pounds (about US$5 million).

A second such plant is envisaged for the Bekaa, in East Central Lebanon. The two plants, it is said, will in 2 years make Lebanon self-sufficient in sugar, and in 3 years permit some export.

Canadian Oilseed Crop Estimates Revised

Canada's 1965 oilseed crops, according to yields as of October 15, have been estimated by the Dominion Bureau of Statistics. The estimate for rapeseed production is significantly below the earlier one, which was based on conditions as of August 15; that for flaxseed is somewhat larger. Production of rapeseed, however, is still expected to reach a record, as is that of mustardseed and soybeans.

Canadian *flaxseed* output this year is now placed at 28.0 million bushels against 26.4 million previously. The revision reflects improved weather conditions during harvesting. This year's is the second largest flaxseed crop in Canadian history, exceeded only by the 35 million bushels produced in 1956. Output is 38 percent above last year's and about one-fourth above the 1955-59 average. Sown acreage and yields increased by 13 percent and 21 percent, respectively from those in 1964. Total supply in the current marketing year is 8.2 million bushels greater than that of last year; consequently, exports could well substantially exceed the 14.6 million exported in 1964-65.

Production of *rapeseed* is now estimated at 22.8 million bushels—5 percent below that previously estimated but 72 percent above last year. This revision reflects reduced yield estimates for Alberta and Saskatchewan. This year's record crop—more than four times that produced annually during the 1955-59 period—will probably result in a marked increase in exports. A large volume of seed is expected to move to Japan, Italy, the Netherlands, and West Germany. Prices to producers this year are expected to be significantly below those of last year.

Canadian *soybean* production, placed at 8 million bushels, has reached a new record, 1 million above last year and 30 percent above the 1955-59 average. The gain principally reflected acreage expansion. In view of strong domestic demand imports, largely from the United States, are expected to continue at last year's level with exports to the United Kingdom probably increasing somewhat.

Sunflowerseed yields were up from the low level of 1964, but total production was down slightly, because of acreage reductions. This decline may have been influenced by the crop damage in 1964, which resulted from a wet autumn followed by an early frost; yields that year were sharply below the 1955-59 average. Reportedly, about four-fifths of the seedings this year were of Russian varieties such as Peredovick, compared with about three-fourths of the total in 1964.

Mustardseed production, at a record 150 million pounds, gained markedly from that in 1964, principally reflecting acreage expansion. Yields, although somewhat above those of last year, were significantly below those in 1963, when 138.4 million pounds were harvested. Exports amounting to over 50 million pounds in 1964 moved largely to the United States, Japan, the United Kingdom, and the Netherlands. Exports through July of this year, at 36.3 million pounds, were running one-third larger than in the like period a year ago.

CANADIAN OILSEED ACREAGE, YIELD, AND PRODUCTION

Item and Year	Flaxseed	Rapeseed	Soybeans	Sunflower seed	Mustardseed
ACREAGE	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*
Average 1955-59	2,593	389	245	36	95
Annual:					
1963	1,682	478	228	38	155
1964	1,978	791	231	78	74
1965[1]	2,239	1,435	265	67	185
YIELD PER ACRE	*Bushels*	*Bushels*	*Bushels*	*Pounds*	*Pounds*
Average 1955-59	8.7	14.2	25.3	545	785
Annual:					
1963	12.6	17.5	21.9	948	893
1964	10.3	16.7	30.2	394	645
1965[1]	12.5	15.9	30.3	450	811
PRODUCTION	*1,000 bushels*	*1,000 bushels*	*1,000 bushels*	*1,000 pounds*	*1,000 pounds*
Average 1955-59	22,544	5,508	6,187	19,477	74,701
Annual:					
1963	21,116	8,360	5,002	36,038	138,440
1964	20,313	13,230	6,976	30,900	47,750
1965[1]	27,954	22,800	8,030	30,155	150,000

[1] Average. [2] Indicated on the basis of conditions on or about October 15.

Dominion Bureau of Statistics, Ottawa, Canada.

Solomon Islands Copra Production

Copra production in the British Solomon Islands Protectorate during the first half of 1965 totaled 12,204 long tons, 793 less than production in the first half of 1964. Reportedly responsible for the lower production was the smaller carryover from drought-reduced output in 1964 and shipping shortages, mainly in the Western Solomons.

Congo's Exports of Palm Products

Exports of palm products from the Republic of the Congo (Leopoldville) during the first 8 months of 1965 (1964 figures in parentheses), according to the Société Congolaise de Surveillance, were palm oil 50,248 metric tons (96,714), palm kernel oil 22,571 (31,836), palm kernels 0 (1,123), and palm kernel cake 22,595 (31,490).

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Canada's Wheat Crop is Third Biggest

The 1965 all-Canada wheat crop of 677.9 million bushels is the third largest in Canadian history. This final estimate, based on late-October yields and released by the Dominion Bureau of Statistics in early November, represents a considerable reduction from the record crop that had been expected in August; yet it is 13 percent above last year's and 43 percent above the 1954-63 average.

Of this wheat crop, the three Prairie Provinces of Saskatchewan, Alberta, and Manitoba accounted for about 661 million bushels, chiefly spring wheat with some durum and relatively small quantities of winter wheat. The remaining 16.9 million bushels comprised 13.4 million bushels of winter wheat grown in Ontario and small quantities of spring wheat grown in other Provinces.

The descending volume of the 1965 wheat crop is apparent in the three DBS estimates of this year. In August, the Bureau forecast Prairie production at 743 million bushels—even above the all-Canada record, 723.4 million in 1963. In September, the forecast slipped to 687 million, and finally in November, to 661 million.

The 1965 durum wheat total, included in the all-Canada figure, was 17.9 million bushels compared with 33.6 million a year ago. Area seeded to durum slumped 56 percent, from 1,888,000 acres to 840,000, but yield increased from 17.8 bushels per acre to 21.3.

Production of corn for grain set a Canadian record for the third consecutive year. Acreage rose fom 660,000 to 752,000 with little change in yield, and outturn was 59.6 million bushels. Ontario growers accounted for 740,000 acres of commercial corn production, and the remaining 12,000 was in Manitoba.

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